CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2002

103-05359/

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MAYOR AND COUNCILLORS

Mayor Larry Campbell

Fred Bass

David Cadman

Jim Green

Peter Ladner

Ellen Woodsworth

Tim Louis

Anne Roberts

Tim Stevenson

Raymond Louie

Sam Sullivan

OFFICIALS

Corporate Management Team

City Manager	J. Rogers, M.P.A.
Deputy City Manager	B. MacGregor, P. Eng.
Chief Constable	J. Graham
Director of Legal Services	F. Connell, LL.B
Acting Director of Vancouver Public Library	E. Smith, C.A.
General Manager of Community Services	J. Forbes-Roberts
General Manager of Corporate Services	E. Lo, B. Comm, M.B.A., C.M.A.
General Manager of Engineering Services	D. Rudberg, P. Eng.
General Manager of Fire and Rescue Services	R. Holdgate
General Manager of Human Resource Services	M. Zora, B.Comm.
General Manager of Parks and Recreation	S.J. Mundick, B.R.I.S., R.D.M.R.

Financial Services

Director of Finance	E. Lo, B. Comm, M.B.A., C.M.A.
Director of Financial Services	T. Corrigan, C.A., M.P.A.
Director of Financial Planning and Treasury	K.B. Bayne, B.A., M.Sc. (Bus.)
Manager of Accounting Services	E. Lee, B. Comm, C.A.
Director of Budget Services	A. Klein, M.B.A.
City Treasurer and Collector	G. Merchant, M.B.A.

City Clerk — S. Baxter

City Auditors
KPMG LLP, Chartered Accountants

Bankers
Bank of Montreal

Fiscal Agent - Worldwide
RBC Dominion Securities Inc.

Fiscal Agents for Certain Functions
Relating to Eurobond Issues
Royal Bank of Canada, London

Relating to Book Entry Only Issues
Canadian Depository for Securities Ltd.

BOARDS

Vancouver Public Library Board

Acting Director – E. Smith
J. Andersen - Chair
J. Buckberrough - Vice Chair
Larry Kuehn – Vice Chair
Noel Herron, School Board Representative
Anita Romaniuk, Parks and Recreation Representative
Councillor Tim Louis - Council Liaison

L Armstrong	M. Seidel
S. Daub	D. Shumka
D. Foley	A. Zaenker
D. Scott	

Vancouver Police Board

J. Graham - Chief Constable
Mayor L. Campbell - Chair

K. Bagshaw	K. MacDonald
S. Bauman	G. Maxwell
L. Kennedy	P. Webster

Vancouver Civic Theatres Board

Director - R. Ackerman
Directors Emeritus - H. Pickett and N. Young
A. Jones - Chair
B. McLean – Vice-Chair
Councillor R. Louie - Council Liaison

S. Gomez	W. Saunders
D. Lam	G. Stamp

Board of Parks and Recreation

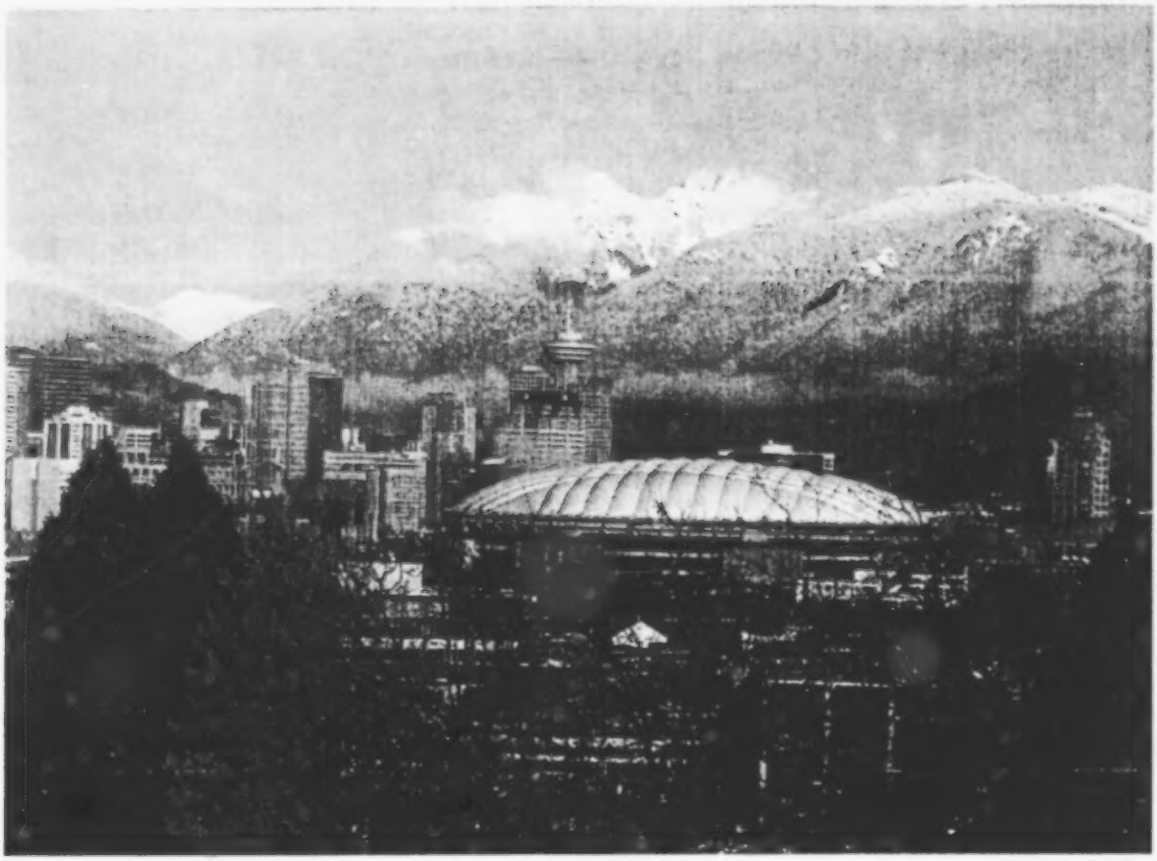
General Manager - S. Mundick
H. Deal - Chair
A. Romaniuk - Vice Chair

S. Anton	E. Riccius
A. De Genova	L. Woodcock
L. Poaps	

Board of School Trustees for School District No. 39 (Vancouver)

Interim Superintendent of Schools – E. Thomas
Secretary-Treasurer – D. Yuen
A. Montani - Chair
A. Blakey – Vice- Chair

J. Bouey	K. Millsip
J. Cheng	A. Reimer
N. Herron	A. Wong
A. Kenyon	



ANNUAL FINANCIAL STATEMENTS
CITY OF VANCOUVER
BRITISH COLUMBIA, CANADA

2002

City Hall, Vancouver
April 11, 2003

Mayor L. Campbell and
Members of Council

It is my pleasure to submit the Consolidated Financial Statements for the City of Vancouver for the year ended December 31, 2002. These financial statements include the financial position and results of operations of the City, all its boards and the City's owned/controlled corporations.

Reporting Changes

The City has been applying the Public Sector Accounting Board (PSAB) standards to the financial statements since 2000. The PSAB standards are national accounting and reporting principles established by the Canadian Institute of Chartered Accountants to bring consistency of financial reporting across all Canadian senior and local governments. The benefit to the City of adopting these standards is that it facilitates meaningful comparisons of the City's financial position to other Canadian municipalities.

In 2002, the City has made further enhancements to the financial statements by adopting PSAB recommendations in accounting for the activities of the Property Endowment Fund. The most significant changes that result from the conversion are:

- Property acquisitions will be reported as capital expenditures in the Consolidated and Property Endowment Fund Statements of Financial Activities with a corresponding increase in Equity in Capital Assets.
- Proceeds on sale of assets are recorded as revenues in the Consolidated and Property Endowment Fund Statements of Financial Activities.
- Depreciation is not recorded in the Statements of Financial Activities.
- Revenue from prepaid long term leases is reported as revenue in the year the lease is transacted.

The changes have been applied retroactively and the comparative numbers have been restated to reflect the changes.

While we have made significant progress towards the adoption of the PSAB standards, we will continue to enhance our financial statement reporting and to monitor the development of new public sector accounting standards.

2002 Financial Highlights

The City continued to maintain a strong financial position in 2002:

1. Cash position of the City, including temporary investments, remained strong at $477.3 million. This is a 44.3% increase compared to the $331.1 million in 2001. There were a number of factors contributing to the increase: a $100 million debenture issued during the year to finance capital projects; the increase in the actuarial provision for debt repayment in the sinking fund; an increase in reserves set aside by Council for specific purposes and an improvement in revenue collections.
2. The City kept expenditures within the operating budget ending the year with a surplus of $0.2 million. This brings the total Revenue Fund surplus to $7.7 million, a 2.6% increase compared to the surplus of $7.5 million in 2001.
3. Expenditures on capital works totalled $149.4 million, compared to the $110.9 million in 2001, a 35% increase. Analysis of the expenditures is discussed in the 'Capital Fund' section below.
4. Reserves set aside for specific purposes by Council increased during 2002 by $14.6 million to $196.7 million. Reasons for the increase are identified in the 'Reserves' section below.
5. Funding of $4.2 million was provided for deferred payroll costs related to accumulated overtime costs. This funding is important because the City faces increased employment related payments over the next five to ten years as a result of anticipated retirement of long term staff.

6. In April 2002, the City issued $100 million of non-callable serial debentures to finance the City's capital projects. The debentures have maturity dates commencing in 2003 and continuing until 2012. The debentures carry coupon rates increasing from 3.5% in year 1 to 6.125% in year 10 with an average yield of 5.98% over the ten year period. This serial debenture is the largest issued by a Canadian municipality, was well timed and well received by both the institutional and retail investors.
7. The total debt outstanding at December 31, 2002 was $546.1 million, of which $419.2 million was held externally; the balance of $126.9 million was held by the Sinking Fund and the Capital Financing Fund. Of this internally held debt, $20.8 million is to be recovered from individual property owners through local improvement charges. All the debt is payable in Canadian dollars.

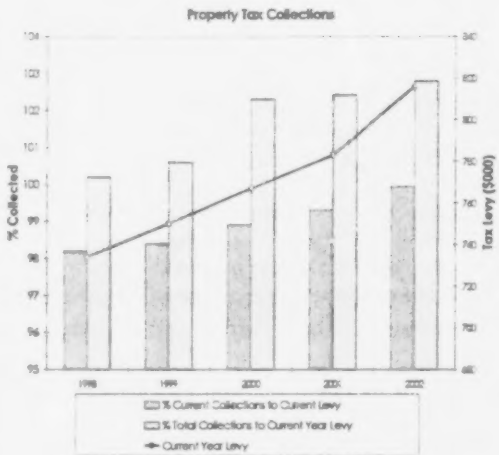
Property Tax Receivable

Tax collections continue to out perform previous years. The collection of 2002 property taxes, including those amounts raised for other taxing authorities, amounted to $815.9 million, or 99.96% of the total 2002 property taxes levied. During the year, the City collected $24.4 million (63.86%) of the $38.3 million property tax outstanding at the beginning of 2002.

Taxes outstanding, after provision for uncollectible taxes of $4.2 million, totalled $30.9 million, a decrease of $4.4 million from 2001.

At year end, advance payments under the Tax Installment Prepayment Program were $17.4 million compared to $14.1 million at the end of 2001, an increase of 23%. These amounts are included in 'Accounts Payable and Accrued Charges' in the Statement of Financial Position.

The growth in the prepayments is indicative of the increasing participation of property owners in this program. The increased participation is mainly attributable to the program revisions to offer interest on prepayments, the automatic withdrawal of final tax balance and the active promotion of the program.


Property Tax Collections
% Collected
Tax Levy ($000)
% Current Collections to Current Levy
% Total Collections to Current Year Levy
Current Year Levy

Revenue Fund

The Revenue Fund accounts for the general operations for the City. Spending authority and control for the fund are provided by Council through the annual operating budget process.

Revenues for the year totalled $743.0 million and expenditures, debt repayments and transfers amounted to $742.8 million, resulting in a revenue fund surplus of $0.2 million. The total fund balance of the Revenue Fund currently stands at $7.7 million.

Total operating revenues increased $31.8 million from 2001 mainly due to:

- Revenue from taxation increased $19.4 million or 4.7% from $413.6 million to $433.0 million. City Council approved a 4.0% increase in the property tax levy in 2002 generating $15.0 million tax revenues. Taxes from new construction added another $3.1 million to the property tax revenue. Interest and penalty revenue was lower in 2002 by $0.5 million. Payment-in-lieu of taxes from the Vancouver Port Authority were higher in 2002 by $1.8 million due to the construction of the new cruise ship terminal.
- An increase in solid waste utility fees of $3.0 million or 9.4% as a result of higher commodity prices received for recycled material collected as well as higher tipping fees and volumes of demolition waste received in the landfill site.

- An increase in Park Board revenues of $2.2 million or 7.5% mainly due to increased participation in programs and food concession revenues.
- An increase of $1.8 million or 11.0% in revenues from the street parking program due to a rate increase and improved compliance that resulted from the implementation of on-street handheld ticket issuing technology.
- An increase in other fees, rates and cost recoveries of $6.6 million due to a combination of developer contribution ($2.3 million), increased license and permit fees ($0.6 million), service and inspection fees ($0.6 million), Olympic Bid recoveries ($0.4 million), planning project fees ($0.3 million), recoveries on the Downtown Eastside projects under the Vancouver Agreement previously netted against expenditures ($1.0 million), and other miscellaneous recoveries ($1.2 million).
- A decrease in short term investment income of $3.3 million or 20.5% as a result of declining interest rates during 2002.

Total operating expenditures amounted to $644.5 million, an increase of $24.2 million. It was mainly related to the annual wage adjustment, adding approximately $12 million to the 2002 expenditures.

Other major areas of increased expenditures are:

- Police expenditures increased by $4.3 million as a result of the adjustments to salaries and wages ($2.1 million), increase in overtime ($1.3 million), costs of recruitment of sworn officers ($0.6 million) and the addition of 15 civilian positions ($0.3 million).
- A $2.8 million increase to the cost of water from the Greater Vancouver Regional District due to growth in water consumption.
- Parks and Recreation costs related to operating expenditures associated with new facilities added $0.4 million in expenditures.
- General Government expenditures increase of $5.7 million related to the 2002 election, filling of vacancies in approved positions, and Olympic Bid expenditures.
- Planning and Development expenditures increase of $3.5 million was mainly due to a number of projects such as the Downtown Transportation Plan, Grow Busters, New Comers Guide, Secondary Suites, Design and Streetscape, South East False Creek development and the Trade and Convention Centre.

Capital Fund

The Capital Fund accounts for the City's capital expenditures or programs supporting civic infrastructure as well as the related financing. It also holds all properties required for civic use and the related long term debt. Spending authority and control are provided through the annual Capital Budget and the Three Year Capital Plan approved by Council.

The Capital Fund ended the year with a fund surplus of $16.7 million compared to a fund deficit of $14.9 million in 2001, an improvement of $31.6 million. This reflects the fact that the City issued $100 million in debentures in 2002 to finance current and future capital expenditures.

The Property Endowment Fund and the Capital Financing Fund have provided $99.3 million interim financing to the Capital Fund for certain capital projects. Debenture financing will not be required for these capital expenditures. The interim financing will be repaid with interest from future operating savings, additional fees and service charges and within the existing property taxation level provided in Operating Budget.

When the interim financing from the Property Endowment Fund and the Capital Financing Fund are taken into consideration with the closing fund balance, there is $116.0 million in funds available to finance future capital expenditures.

At the year end, approximately $10.1 million of general borrowing authority and $8.1 million of sewer and water borrowing authority from the 2000 – 2002 and prior Capital Plans had not been exercised by Council through issuance of debentures. In November 2002, for the 2003 – 2005 Capital Plan, the electorate approved new borrowing authority of $116.7 million for general purposes. Council has also indicated that an additional $104.7 million in borrowing authority would be approved for sewer and water expenditures.

During 2002, the City spent $149.4 million on capital works. Capital expenditures range from maintenance and improvements to roads, streets, sewers and water distribution systems to fire protection and parks and recreation facilities. Some of the major spending in 2002 included:

- $4.6 million on construction of a new Engineering works yard
- $3.0 million on technology infrastructure
- $3.0 million on construction and capital maintenance of City buildings
- $1.8 million on construction of a firehall
- $22.2 million on vehicle and equipment
- $35.9 million on streets and traffic and safety
- $4.7 million on the Stanley Park S-curve
- $24.9 million on main sewer construction and pollution abatement
- $25.4 million on water works distribution system
- $6.4 million on daycare and community service facilities
- $11.0 million on parks, community centres, playing fields, ice rinks and land purchases.

Sinking Fund

The Sinking Fund is a statutory requirement of the Vancouver Charter and provides for the retirement of the City's sinking fund debentures. The accumulation of annual principal installments collected through tax levies, together with interest earned, provide for retirement of principal at maturity. The Sinking Fund actuarial reserve for debt retirement at December 31, 2002 was $143.8 million. Approximately $56.7 million relates to internally held debt.

Surplus funds over and above those required to meet future debt maturities are transferred to the Revenue Fund. During 2002, the transfer was $3.6 million.

At the year end, the Sinking Fund had $108.9 million of the City's $126.9 million internally held debentures.

Property Endowment Fund (PEF)

The Property Endowment Fund accounts for real estate properties not required for civic purposes including non-market housing sites, other residential and commercial properties and parking garages. The Fund is also a source of internal financing for civic projects. All purchases, sales and transfers of property by the Fund require Council approval.

In 2002, the Property Endowment Fund spent $17.4 million on capital assets. Of this amount, $4.4 million was spent on parking structures financed from the parking sites reserve. Another $4.0 million was spent to acquire two sites for non-market housing development. The remaining $9.0 million was spent on land acquisition and development for future strategic purposes.

During 2002, $7.0 million of the net revenue from operations was transferred to the Revenue Fund to support general operations. By the end of the year, the PEF had advanced $19.0 million to the Capital Fund as financing for specific capital projects.

Capital Financing Fund (CFF)

The CFF provides funds for the purchase of City of Vancouver debentures, the financing of capital works and the City's solid waste program. Spending authority and control are provided by Council through specific authority.

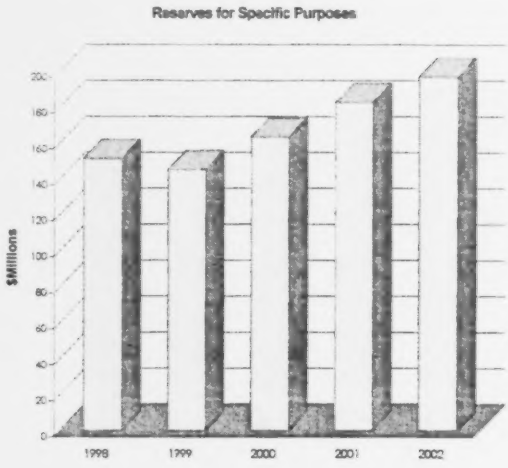
By the end of the year, the CFF had advanced $80.3 million to the Capital Fund to finance specific capital projects and held $18 million of the City's internally held debentures.

Reserves

These are reserves established by Council resolutions or legislative authority for specific purposes. At the end of 2002, total reserves were $283.8 million made up of $87.1 million of Sinking Fund Provision for external Debt Retirement and $196.7 million of reserves set aside for other purposes.

The $196.7 million of reserves represents an increase of $14.6 million over 2001 or an 8% increase. The most significant changes were:

- The Sewer and Water Utility Rate Stabilization Reserves increased by $1.6 million to $18.5 million as a result of surpluses from operations.
- The Solid Waste Capital Reserve increased by $4.2 million to $47.4 million as a result of surpluses from operations. This reserve is intended to fund landfill site development as well as closure and post-closure costs.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan decreased by $9.2 million as a result of $22.2 million in expenditures on plant and equipment offset by a transfer to the reserve through internal equipment rates and fixed provisions in the operating costs of $ 13.0 million.
- The Community Amenities Reserve increased by $8.1 million due contributions received mainly from the downtown area.



- The Childcare Endowment Fund Reserve increased by $2.5 million from community amenity contributions received in 2002.
- The Capital Facilities Reserve increased by $5.5 million as a result of the transfer of net proceeds on sale of 1005 Beach Ave.

Conclusion

The City of Vancouver has continued to maintain a strong financial position going into 2003. The financial strength of the City reflects the careful attention to prudent financial management.

Respectfully submitted,

Estelle Lo

Estelle Lo
Director of Finance

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

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AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE CITY OF VANCOUVER

We have audited the consolidated statement of financial position of the City of Vancouver (the "City") as at December 31, 2002 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Vancouver Charter, we report that, in our opinion, these principles have been applied, after giving retroactive effect to the changes in accounting policy described in note 2 to the consolidated financial statements, on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

Vancouver, Canada

April 4, 2003

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association

CITY OF VANCOUVER
Consolidated Statement of Financial Position
As at December 31
($000s)

	2002	2001 Restated Note 2
FINANCIAL ASSETS		
Cash	$ 80,037	$ 141,465
Temporary investments	397,230	189,624
Accounts receivable and accrued interest (Note 3)	41,537	46,534
Local improvement receivable	19,380	19,719
Property taxes receivable	31,092	35,370
Lease agreement receivable	55,926	63,673
	625,202	496,385
PHYSICAL ASSETS		
Inventory	10,631	10,489
Capital assets (Note 5)	6,419,916	6,113,383
	6,430,547	6,123,872
	$ 7,055,749	$ 6,620,257
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	$ 162,939	$ 140,840
Mortgage and loan agreements (Note 8(f))	70,435	71,958
Long term debt (Note11)	419,226	333,933
Deferred income	29,751	19,758
	682,351	566,489
MUNICIPAL EQUITY		
Equity in capital assets (Note 6)	5,926,993	5,706,407
Reserves (Note 9)	196,655	182,062
Actuarial reserve for debt retirement	87,116	62,680
Fund balances (Note 4)	211,301	151,838
Obligations to be funded from future revenues (Note 7)	(48,667)	(49,219)
	6,373,398	6,053,768
	$ 7,055,749	$ 6,620,257

Contingencies and commitments (Note 8)
See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Financial Activities
Years Ended December 31
($000s)

	2002	2001 Restated Note 2
REVENUES		
Property taxes, penalties and interest	$ 433,039	$ 413,610
Water fees	56,983	56,487
Solid waste fees	34,768	31,770
Sewer fees	29,814	28,831
Other fees, rates and cost recoveries	202,939	183,309
Revenue sharing, grants and contributions	7,078	11,381
Investment income	20,389	22,926
Rental and lease income	36,469	46,534
Sale of property	15,344	2,824
	836,823	797,672
EXPENDITURES		
General government	113,590	123,762
Police protection	139,034	135,104
Fire protection	74,982	71,767
Engineering	116,441	88,417
Water utility	65,096	59,482
Solid waste	28,631	27,656
Sewer utility	68,010	61,854
Planning and development	58,467	54,964
Recreation and parks	92,111	86,572
Community and cultural services	65,188	61,956
	821,550	771,534
NET REVENUES	15,273	26,138
DEBT, TRANSFERS AND OTHER		
Debt		
Principal repayments	(16,229)	(54,718)
New issues	100,000	80,000
Net transfers to reserves	(39,029)	(1,277)
Change in obligations to be funded from future revenues	(552)	231
	44,190	24,236
CHANGE IN FUND BALANCES	59,463	50,374
FUND BALANCES (Note 4)		
Beginning of year	151,838	101,464
End of year	$ 211,301	$ 151,838

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Cash Flows
Years Ended December 31
($000s)

	2002	2001 Restated Note 2
CASH PROVIDED BY (USED IN):		
Operations		
Net revenues	$ 15,273	$ 26,138
Change in non-cash items	47,134	9,703
	62,407	35,841
Financing		
Debt issued	100,000	80,000
Debt repayments	(16,229)	(54,718)
	83,771	25,282
Investing		
Net purchase of temporary investments	(207,606)	(6,071)
NET INCREASE (DECREASE) IN CASH	(61,428)	55,052
CASH		
Beginning of year	141,465	86,413
End of year	$ 80,037	$ 141,465

See accompanying Notes to Consolidated Financial Statements.

The City of Vancouver was incorporated in 1886 and is governed by the Vancouver Charter, a private bill consented to by the Legislative Assembly of the Province of British Columbia.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements of the City have been prepared, in all material respects, in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Changes in accounting policy, including those required to conform to PSAB recommendations, have been applied retroactively. Prior years' comparative figures have been restated to give effect to the changes in accounting policy and are disclosed in Note 2.

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances of all funds of the reporting entity. The reporting entity is comprised of all the organizations that are accountable for the administration of their financial affairs and resources to Council and that are owned or controlled by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

Outside Boards	Owned/Controlled Corporations
Parks & Recreation	Harbour Park Development Ltd.
Vancouver Public Library	City of Vancouver Public Housing Corporation
Vancouver Police	Vancouver Civic Development Corporation
Vancouver Civic Theatres	Hastings Institute Inc.
	Parking Corporation of Vancouver

Also included in these statements are certain assets owned by the City that are managed by the following organizations:

Vancouver Art Gallery Society	H.R. MacMillan Space Centre
Vancouver Museum	Vancouver Maritime Museum

(c) Fund Accounting

The resources and operations of the reporting entity are comprised of the funds listed below. Supporting schedules to the consolidated financial statements are included to show the financial activities and balance of each fund.

Capital

Accounts for financing and capital expenditures and holds all properties required for civic use and the related long term debt.

Revenue

Accounts for revenues and expenditures for the general operations of the City including sewer, solid waste and water utilities.

Property Endowment

Accounts for properties not required for civic use which are leased to third parties, or held for, or are being developed for resale or lease.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Fund Accounting (continued)

Sinking

Accounts for the accumulation of installments generated from tax levies in accordance with the actuarial requirements for the retirement of sinking fund debt at maturity.

Capital Financing

Accounts for funds designated for the financing of capital works, for the acquisition of the City's debentures and for funds set aside for the City's solid waste disposal program.

(d) Cash and Temporary Investments

Cash includes short-term investments, recorded at cost, with maturity dates within 90 days of acquisition. Temporary investments are recorded at cost, which approximates market value, and are comprised of money market instruments, term deposits and bonds with maturity dates greater than 90 days after acquisition.

(e) Trust Funds

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of, and stands in a fiduciary relationship to, the beneficiary. The trust funds are excluded from the financial statements and are disclosed in Note 10.

(f) Basis of Accounting

(i) Revenues are recorded in the period in which the transactions or events that gave rise to the revenues occur. Amounts that have been received in advance of services being rendered are considered deferred revenue until the City discharges the obligations that led to the collection of funds.

(ii) Expenditures, including transfer payments where no value is received directly in return, are recorded in the period in which the goods or services are acquired and a liability is incurred or transfers are due.

(iii) Inventory of supplies and materials are valued at cost with allowances made for obsolete stock. Cost is determined on a moving average basis.

(iv) The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results will depend on future economic events and could differ from the estimates. Adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate.

(g) Capital Assets

(i) Capital Fund (for civic use)

Capital assets purchased or constructed and work-in-progress are reported as capital expenditures in the period they are acquired. Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related capital costs.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Capital Assets - continued

(i) Capital Fund (for civic use) - continued

Capital assets are recorded in the capital fund on the following basis:

Land - At 'actual' value for assessment purposes as determined annually by the B.C. Assessment Authority. Crown land properties beneficially owned by the City are recorded at assessed value.

Waterworks and engineering assets – At cost less accumulated depreciation. Depreciation is provided at varying rates determined by the City Engineer and is reflected as a reduction in the City's equity in capital assets.

Buildings - at cost.

Plant and equipment - at cost.

Artworks and artifacts - at estimated and/or insured values.

(ii) Property Endowment Fund (for sale or lease)

Assets in the fund are valued as follows:

Land
At 'actual' value for assessment purposes as determined annually by the B.C. Assessment Authority. The development costs incurred are charged against equity to reflect their contribution to the increases in the 'actual' value of land.

Buildings
At cost less accumulated depreciation of $32.7 million (2001 - $30.0 million). Depreciation is charged against Equity in Capital Assets on a 5% straight-line basis on the buildings on parking sites, and on a 5% declining balance basis on leased buildings.

Equipment
At cost less accumulated depreciation of $1.5 million (2001 - $1.2 million). Depreciation is calculated on a 30% declining balance basis and is charged to Equity in Capital Assets.

Property subject to sale option
At option price. The land parcel is subject to purchase by the lessee at a minimum value of $8.4 million (with an expiry date of January 31, 2005).

(h) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

(i) Obligations to be Funded from Future Revenues

A provision has been made for liabilities such as deferred payroll costs, landfill closure and post-closure, debenture and mortgage interest. The City provides funding in current operating budgets to meet these obligations as they come due. Details are disclosed in Note 7.

(j) Comparative Figures

Certain of the 2001 figures have been reclassified to conform with current year presentation.

2. CHANGES IN ACCOUNTING POLICY

The City adopted the following changes in accounting policy:

(b) Property Endowment Fund

The financial activities of the Property Endowment Fund (PEF) for prior years have been restated to reflect the following changes:

i) Accounting for property acquisitions as capital expenditures. In prior years, these transactions were recorded as increases to Capital Assets; increases in Equity in Capital Assets only included the change in the 'actual' value of land for assessment purposes. The effect of this restatement is to increase Equity in Capital Assets and to decrease Fund Balance by a like amount.

ii) Proceeds of sale of assets recorded as revenues. In prior years, proceeds were treated as income and the cost of the property was recorded as cost of sales.

iii) Depreciation is not recorded in the Statement of Financial Activities. In prior years, depreciation was charged against operations in the Statement of Financial activities.

iv) Recognition of prepaid lease revenues at the time of receipt. The City has entered into land leases with terms ranging from 40 to 99 years, some of which have been prepaid. Previously, the City recorded these prepaid leases as deferred income and revenue was recognized over the term of the lease on a straight-line basis.

(c) City of Vancouver Public Housing Corporation

The results of operations of the City of Vancouver Public Housing Corporation (VPHC) for prior years have been restated to reflect the adoption of PSAB recommendations of the CICA. Changes were made to the recording of capital assets expenditures and assets and related amortization. Reserves were reclassified as deferred income.

(d) Library Funds

The Vancouver Public Library Endowment Fund was reclassified as a reserve.

The above-noted changes in accounting policy have been applied retroactively and comparative figures have been restated as follows:

	Adjustments to Opening Balances	
	2002	2001
Municipal Equity as previously reported	$ 5,907,754	$ 5,705,441
Increase (decrease) to opening balance for:		
PEF	148,596	140,559
VPHC	(2,968)	(5,020)
Library Endowment Fund	386	408
Municipal equity as restated	$ 6,053,768	$ 5,841,388
Deferred Income as previously reported	$ 166,901	$ 154,521
Increase (decrease) to opening balance for		
PEF	(148,596)	(140,558)
VPHC - Prepaid leases	815	832
VPHC - Reserves	638	957
Deferred income as restated	$ 19,758	$ 15,752

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

	2002	2001 Restated Note 2
Accounts Receivable and Accrued Interest		
Accrued interest	$ 6,721	$ 9,915
Utility receivables	13,134	13,425
Employee advances	3,512	3,930
Rental and lease receivables	1,380	2,510
Trade and other receivables	18,607	19,278
	43,354	49,058
Valuation allowance	(1,817)	(2,524)
	$ 41,537	$ 46,534
Accounts Payable and Accrued Liabilities		
Payroll liabilities	$ 28,066	$ 20,873
Advance deposits and receipts	37,422	30,801
Future obligations (Note 7)	48,667	49,219
Trade and other liabilities	48,784	39,947
	$ 162,939	$ 140,840

4. FUND BALANCES

	2001 Restated Note 2	Change During Year	2002
Revenue Fund	$ 7,514	$ 179	$ 7,693
Capital Fund	(14,937)	31,642	16,705
Capital Financing Fund	150,930	6,987	157,917
Sinking Fund	3,638	(1,682)	1,956
Property Endowment Fund	87,838	4,579	92,417
Affordable Housing Fund	943	-	943
Land Purchase Fund	1,648	(161)	1,487
Harbour Park Development Ltd.	21	-	21
Vancouver Civic Development Corp.	8,227	216	8,443
Hastings Institute Inc.	77	25	102
City of Vancouver Public Housing Corporation	(290)	(335)	(625)
	245,609	41,450	287,059
Adjustment for internally-held debt on consolidation	(93,771)	18,013	(75,758)
	$ 151,838	$ 59,463	$ 211,301

5. CAPITAL ASSETS

	Capital Fund	Property Endowment Fund	2002 Total	2001 Total
				Restated Note 2
Land				
- in civic use	$ 3,479,979	$ -	$ 3,479,979	$ 3,273,941
- leased	-	375,574	375,574	383,041
- for sale, lease or development	-	662,909	662,909	651,109
Buildings	388,109	39,225	427,334	413,407
Property subject to sale option	-	8,365	8,365	8,435
Leasehold interests	25,220	3,780	29,000	29,405
Engineering assets	780,826	-	780,826	735,486
Waterworks	284,949	-	284,949	270,504
Plant and equipment (including artworks and artifacts)	353,234	1,152	354,386	331,490
	$ 5,312,317	$ 1,091,005	6,403,322	6,096,818
Land Purchase Fund (at cost)			5,699	5,388
City of Vancouver Public Housing Corporation (at cost less depreciation)			10,895	11,177
Total			$ 6,419,916	$ 6,113,383

6. EQUITY IN CAPITAL ASSETS

	2002	2001
		Restated Note 2
Capital expenditures	$ 167,526	$ 145,487
Debt issued	(100,000)	(80,000)
Debt principal repayments	16,229	54,718
Disposals	(14,114)	(6,410)
Depreciation	(40,953)	(39,893)
Increase in assessed values	193,184	89,587
Capital grants	(95)	(1,449)
Lease receivable amortization	(1,191)	(1,080)
Change in equity in capital assets	220,586	160,960
Balance, beginning of year	5,706,407	5,545,447
Balance, end of year	$ 5,926,993	$ 5,706,407

7. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUES

	2002	2001
Sick leave gratuity and deferred vacation	$ 25,944	$ 23,526
Overtime	-	4,171
Accrued interest on long term debt	11,870	11,110
Landfill closure and post-closure	10,853	10,412
	$ 48,667	$ 49,219

(a) Landfill Closure and Post-Closure Costs

The City has agreed with the Ministry of Environment Lands and Parks to assume certain obligations in order to obtain the Operating Certificate for its landfill site. Those obligations include closure and post-closure liability. The City's estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability of $10.9 million (2001 - $10.4 million) represents the portion of the estimated total expenditure recognized as at December 31, 2002. This liability and annual expenditure is calculated based on the ratio of current usage to total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 18.3 million tonnes, which is 59% of the site's total capacity. The discounted future cash flows for closure and post-closure cost is estimated at $30.6 million as at December 31, 2002. The landfill site is expected to reach its capacity in 2042.

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for 87% of the overall liability for closure and post-closure costs. The City has provided a reserve to fund future landfill capital expenditure and waste diversion programs with a balance as at December 31, 2002 of $47.4 million (2001 - $43.1 million).

(b) Deferred Payroll Costs

Employees of the City are entitled to accumulate earned benefits related to sick leave and may defer vacation and overtime entitlements. Sick leave, gratuity and deferred vacation are valued at management's best estimate, which is based on past experience and assumptions about retirements, wage and salary increases, employee turnover and rates of return.

8. CONTINGENCIES AND COMMITMENTS

(a) Liability for Debentures Issued by Others

The City is contingently liable in respect of debentures of the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Regional District.

(b) Collection of Taxes on Behalf of Other Taxing Authorities

The City is obligated to collect and transmit the tax levies of the following bodies. Such levies are not included in the revenues of the City.

Provincial Government – Schools
Greater Vancouver Regional District
Greater Vancouver Transportation Authority
British Columbia Assessment Authority
Municipal Finance Authority

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan with about 125,000 active contributors, including approximately 28,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicates a surplus of $436 million. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. The City paid $30.5 million (2001 - $29.4 million) for employer contributions to the Plan in 2002. The employees' contributions amounted to $22.4 million (2001 - $21.5 million) in 2002.

(d) Contingent Legal Liabilities

As at December 31, 2002, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has made provision for certain uninsured claims in its self-insurance liability reserve, but has made no specific provision for those where the outcome is presently indeterminable.

(e) Property Assessment Appeals

As at December 31, 2002, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable, and general provision for those where the outcome is presently indeterminable.

8. CONTINGENCIES AND COMMITMENTS - continued

(f) Mortgage Debentures Payable

Mortgage debentures payable on the Library Square Project have an interest rate of 9.875% per annum compounded semi-annually and a 28-year term maturing January 14, 2021, with monthly principal and interest repayments which commenced in 1996. The debentures are secured by a first charge on the land and any proceeds from the sale of the land on which the office building is situated, the office building and any improvements to it including machinery, plant and equipment, and any proceeds of the lease of the office building.

The City has executed a 25-year lease of the office building with the Federal Government which commenced April 30, 1995. Annual lease payments of $6.7 million will fully offset debenture principal and interest payments. The lease provides options to purchase the office building at the end of the 10th and 20th years and at the end of the lease term.

Principal payments on the mortgage debentures over the next 5 years and thereafter are as follows

2003	$ 1,225
2004	1,349
2005	1,486
2006	1,636
2007	1,801
Thereafter	49,284
	$ 56,781

9. RESERVES

These amounts are set aside by Council resolution for specific purposes:

	2001	Change During Year	2002
	Restated Note 2		
Plant and Equipment	$ 35,735	(9,231)	$ 26,504
Utility Rate Stabilization	16,929	1,583	18,512
Self-insurance	18,043	(277)	17,766
Community Amenities	6,675	8,081	14,756
Capital Facilities	10,109	5,519	15,628
Childcare Endowment	1,565	2,514	4,079
Park Board	1,658	916	2,574
Library	2,204	14	2,218
Emerging Neighbourhood	3,593	-	3,593
Civic Theatres	2,270	-	2,270
Parking Sites	15,482	(233)	15,249
Solid Waste Capital	43,154	4,232	47,386
Mortgage Debenture Retirement	1,814	66	1,880
Art Gallery Operations	3,574	-	3,574
Outstanding Commitments	4,198	1,769	5,967
Future Revenue Fund Budgets	6,208	1,103	7,311
Other	8,851	(1,463)	7,388
	$ 182,062	$ 14,593	$ 196,655

10. TRUST FUNDS

The following trust funds and assets are administered by the City:

	2002	2001 Restated Note 2
Cemetery Perpetual Care	$ 2,826	$ 2,809
Atrium	283	305
General	319	265
	$ 3,428	$ 3,379

11. LONG TERM DEBT

Debenture debt is shown at its face amount. The City does not carry debt issued by other organizations.

Maturing In	General (Including Waterworks)	Local Improvments (Property Owners' Share)	Total Outstanding
2003	$ 68,090	$ 2,618	$ 70,708
2004	23,804	2,485	26,289
2005	17,646	2,403	20,049
2006	118,545	2,238	120,783
2007	19,570	1,996	21,566
Thereafter	277,610	9,067	286,677
Total	525,265	20,807	546,072
Internally held	(106,039)	(20,807)	(126,846)
Net external debt	$ 419,226	$ -	$ 419,226

The rates of interest payable on the principal amount of the debentures vary between 3.5% and 10.5% per annum. The average rate of interest payable for the year ended December 31, 2002 approximates 6.37%. The average rate of interest payable for externally held debt is 6.09%. All debentures are payable in Canadian funds.

12. EXPENDITURES BY OBJECT

	2002	2001 Restated Note 2
Wages, salaries and benefits	497,752	469,660
Contract services	64,301	77,853
Supplies, material and equipment	235,656	202,757
Debt charges	23,841	21,264
	$ 821,550	$ 771,534

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AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE CITY OF VANCOUVER

We have audited and reported separately herein on the consolidated financial statements of the City of Vancouver as at and for the year ended December 31, 2002.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the City taken as a whole. The current year's supplementary information included in the following Schedules of Financial Activities of the Revenue Fund, Capital Fund, Capital Financing Fund, Sinking Fund, Property Endowment Fund and Utilities is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Vancouver, Canada
April 4, 2003

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association

CITY OF VANCOUVER
Revenue Fund
Schedule of Financial Activities
Years Ended December 31
($000s)

	2002 Budget	2002	2001 Restated Note 2
REVENUES			
Property taxes, penalties and interest	$ 430,958	$ 433,039	$ 413,610
Water fees	56,105	56,983	56,487
Solid waste fees	29,853	34,768	31,770
Sewer fees	28,646	29,814	28,831
Other fees, rates and cost recoveries	139,606	147,014	136,154
Revenue sharing, grants and contributions	6,137	5,849	6,188
Investment income	10,400	12,778	16,078
Rental and lease income	21,782	22,780	22,119
	723,487	743,025	711,237
EXPENDITURES			
General government	69,725	67,768	62,020
Police protection	139,385	137,447	133,126
Fire protection	71,598	72,194	69,981
Engineering	59,904	60,927	59,936
Water utility	40,641	42,194	39,303
Solid waste	26,784	28,631	27,656
Sewer utility	46,422	45,729	44,916
Planning and development	58,377	58,467	54,964
Recreation and parks	77,095	76,014	74,505
Community and cultural services	53,814	55,146	53,925
	643,745	644,517	620,332
NET REVENUES	79,742	98,508	90,905
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(18,414)	(18,414)	(17,942)
Transfers			
Net transfers to other funds	(70,128)	(77,435)	(56,972)
Net transfers (to) from reserves	8,800	989	(15,206)
Change in obligations to be funded from future revenues	-	(3,469)	(32)
	(79,742)	(98,329)	(90,152)
CHANGE IN FUND BALANCE	-	179	753
FUND BALANCE			
Beginning of year	6,761	7,514	6,761
End of year	$ 6,761	$ 7,693	$ 7,514

CITY OF VANCOUVER
Capital Fund
Schedule of Financial Activities
Years Ended December 31
($000s)

	2002	2001 Restated Note 2
REVENUES		
Fees, charges and recoveries	$ 38,568	$ 26,622
Grants and contributions	1,232	5,193
Property sale	10,824	180
	50,624	31,995
EXPENDITURES		
Capital expenditures		
General government	11,751	10,330
Police protection	1,587	1,978
Fire protection	2,477	1,786
Engineering	58,554	33,040
Sewer utility	24,935	22,316
Water utility	25,419	24,360
Recreation and parks	16,650	12,632
Community and cultural services	8,001	4,466
	149,374	110,908
NET EXPENDITURES	(98,750)	(78,913)
DEBT AND TRANSFERS		
Debt issued	102,475	80,000
Transfers		
Net transfers to reserves	(13,473)	(2,612)
Net transfers from other funds	41,390	25,482
	130,392	102,870
CHANGE IN FUND BALANCE	31,642	23,957
FUND BALANCE		
Beginning of year	(14,937)	(38,894)
End of year	$ 16,705	$ (14,937)

CITY OF VANCOUVER
Capital Financing Fund
Schedule of Financial Activities
Years Ended December 31
($000s)

	2002	2001
REVENUES		
Investment income	$ 4,752	$ 6,227
TRANSFERS		
Net transfer from Revenue Fund	6,396	4,623
Net transfer from Property Endowment Fund	418	515
Net transfer (to) from Capital Fund	(220)	1,354
Net transfer to reserves	(4,359)	(4,044)
	2,235	2,448
CHANGE IN FUND BALANCE	6,987	8,675
FUND BALANCE		
Beginning of year	150,930	142,255
End of year	$ 157,917	$ 150,930

CITY OF VANCOUVER
Sinking Fund
Schedule of Financial Activities
Years Ended December 31
($000s)

	2002	2001
REVENUES AND EXPENDITURES		
Investment income	$ 8,931	$ 11,912
Administration expenses	76	78
	8,855	11,834
DEBT AND TRANSFERS		
Debt repayments	(50,030)	(48,338)
Transfers		
Net transfer from Revenue Fund	28,905	26,192
Net transfer from reserves	10,588	10,616
	(10,537)	(11,530)
CHANGE IN FUND BALANCE	(1,682)	304
FUND BALANCE		
Beginning of year	3,638	3,334
End of year	$ 1,956	$ 3,638

CITY OF VANCOUVER
Property Endowment Fund
Schedule of Financial Activities
Years Ended December 31
($000s)

	2002			2001
				Restated Note 2
OPERATIONS	**Revenue**	**Expenses**	**Net**	**Net**
Rental and leases	$ 12,481	$ 3,260	$ 9,221	$ 20,050
Parking	14,592	10,372	4,220	4,134
Water moorage	811	474	337	306
Property sales	4,370	518	3,852	833
	$ 32,254	$ 14,624	17,630	25,323
Interest income			3,282	4,265
Miscellaneous income			370	501
			21,282	30,089
Expenses				
Administration			1,602	1,644
Capital expenditures			17,391	32,438
Other operating			389	2,387
			19,382	36,469
NET REVENUES			1,900	(6,380)
TRANSFERS				
Debt prinicipal repayments			(117)	(110)
Net transfer from reserves			2,248	2,493
Transfer to Revenue Fund			(7,000)	(7,000)
Net transfer from Revenue Fund			577	343
Net transfer from Capital Fund			7,389	6,106
Net transfer to Capital Financing Fund			(418)	(515)
			2,679	1,317
CHANGE IN FUND BALANCE			4,579	(5,063)
FUND BALANCE				
Beginning of year			87,838	92,901
End of year			$ 92,417	$ 87,838

CITY OF VANCOUVER
Utilities
Schedule of Financial Activities *
Years Ended December 31
($000s)

SOLID WASTE UTILITY	2002	2001 Restated Note 2
REVENUES		
Fees and service charges	$ 34,768	$ 31,770
EXPENDITURES AND TRANSFERS		
Garbage collection and disposal	8,190	8,683
Recycling	4,902	4,817
Composting	4,079	3,236
Commercial	10,487	10,004
Management and solid waste levy	973	916
	28,631	27,656
Transfers from other funds	(577)	(504)
Transfer to reserves	6,714	4,618
	$ 34,768	$ 31,770
WATER UTILITY		
REVENUES		
Fees and service charges	$ 56,983	$ 56,487
EXPENDITURES AND TRANSFERS		
Purchase of water	25,664	23,035
Water debt charges	9,763	9,695
Operations	6,767	6,573
	42,194	39,303
Debt principal repayments	3,911	3,807
Transfer to Sinking Fund	9,184	8,462
Transfer to reserves	1,694	4,915
	$ 56,983	$ 56,487
SEWER UTILITY		
REVENUES		
Fees and service charges	$ 29,814	$ 28,831
Contribution from property taxes	29,899	31,740
	$ 59,713	$ 60,571
EXPENDITURES AND TRANSFERS		
Contribution to Joint Sewerage Board	33,016	31,544
Sewer debt charges	8,621	9,377
Operations	4,092	3,995
	45,729	44,916
Debt principal repayments	3,495	3,398
Transfer to Sinking Fund	7,627	7,586
Transfer from reserves and other funds	2,862	4,671
	$ 59,713	$ 60,571

* These amounts have been reported as part of the Revenue Fund Schedule of Financial Activities.

SUPPLEMENTARY FINANCIAL INFORMATION

2002

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AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE CITY OF VANCOUVER

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the consolidated financial statements of the City of Vancouver for the year ended December 31, 2002.

We do not express an opinion on the following management prepared schedules since our examination did not extend to the detailed information therein.

KPMG LLP

Chartered Accountants

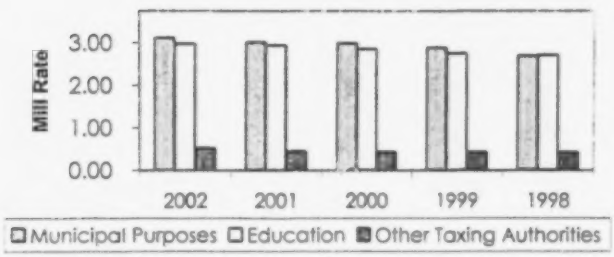
Vancouver, Canada
April 4, 2003

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

FIVE YEAR STATISTICAL REVIEW - TAXATION
Years Ended December 31

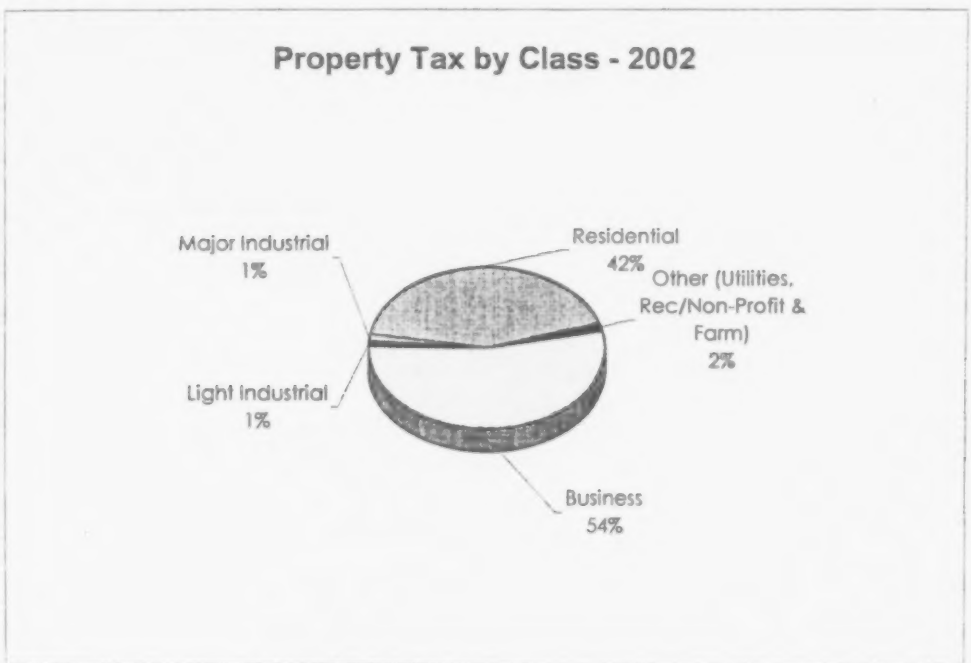
	2002	2001	2000	1999	1998
Property Assessment ($000s)					
Rateable property general purposes	67,522,799	65,917,550	64,557,937	64,933,120	67,891,370
Tax Rates – Rate per $1,000 of Assessment					
Residential					
Municipal purposes	3.11743	3.01093	2.99466	2.88336	2.69716
Education	2.98026	2.94593	2.85424	2.75010	2.71581
Other taxing authorities	0.52335	0.44698	0.43302	0.42980	0.43012
Total Residential	6.62104	6.40384	6.28192	6.06326	5.84309
Business/Other					
Municipal purposes	15.48259	14.82695	14.87354	14.89519	14.50659
Education	9.92035	9.87587	9.85529	9.88871	10.02750
Other taxing authorities	2.28468	2.09721	2.09208	2.10777	2.10449
Total Business/Other	27.68762	26.80003	26.82091	26.89167	26.63858
Major Industrial					
Municipal purposes	28.13435	29.72034	30.54048	30.72090	28.89742
Education	12.50000	12.50000	12.50000	12.50000	12.50000
Other taxing authorities	3.35615	3.13486	3.16417	3.14470	3.09562
Total Major Industrial	43.99050	45.35520	46.20465	46.36560	44.49304
Light Industrial					
Municipal purposes	15.45070	14.86333	14.94131	28.80943	27.84121
Education	9.90000	9.90000	9.90000	9.90000	9.90000
Other taxing authorities	3.03205	2.78146	2.78917	2.80550	2.77112
Total Light Industrial	28.38275	27.54479	27.63048	41.51493	40.51233
Total Utilities	49.64316	48.06845	48.02345	48.92101	47.42515
Total Recreational/Non-Profit	8.13357	7.97683	8.07069	7.99325	7.67179
Total Farm – All Purposes	10.43470	10.30773	10.39959	10.32445	10.00429

Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW - TAXATION
Years Ended December 31

	2002	2001	2000	1999	1998
Population *	577,800	571,700	565,500	558,100	551,700
Property Tax Revenue by Property Class (%)					
Residential - Class 1	42.2	41.8	42.7	42.3	41.8
Business - Class 6	53.8	54.2	53.4	53.9	54.0
Major industrial - Class 4	1.3	1.3	1.3	1.3	1.5
Light industrial - Class 5	1.1	1.0	0.9	0.9	0.8
Other (Utilities, Rec/Non-Profit and Farm)	1.6	1.7	1.7	1.6	1.9
Total	100.0	100.0	100.0	100.0	100.0



Property Taxation - Levy and Collections					
Total tax levy (all purposes) (000s)	$815,877	$783,315	$767,289	$750,066	$734,009
Total tax arrears outstanding (000s)	$35,090	$38,333	$38,206	$41,217	$34,566
% of current collections to current levy	99.96%	99.31%	98.90%	98.40%	98.20%
% of total collections to current levy	102.79%	102.42%	102.30%	100.60%	100.20%

*Source: Population Section, B.C. Stats
Ministry of Management Services, Government of British Columbia

NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES ($000s)
Years Ended December 31

The City is required to collect taxes on behalf of and transfer these amounts to the government agencies listed below

	2002	2001
Taxes collected:		
Property and business taxes	$ 764,529	$ 738,856
Payment in lieu of taxes	28,750	29,034
Hotel tax	8,468	8,236
Local improvement levies	4,262	4,407
	806,009	780,533
Less taxes collected on behalf of:		
Province of British Columbia - School Taxes	310,586	310,800
Greater Vancouver Transportation Authority	40,555	33,792
B.C. Assessment Authority	11,929	12,066
Greater Vancouver Regional District	9,881	10,246
Municipal Finance Authority	19	19
	372,970	366,923
NET TAXES - MUNICIPAL PURPOSES	$ 433,039	$ 413,610

STATEMENT OF TAX RECEIPTS AND PROPERTY TAXES RECEIVABLE ($000s)
Years Ended December 31

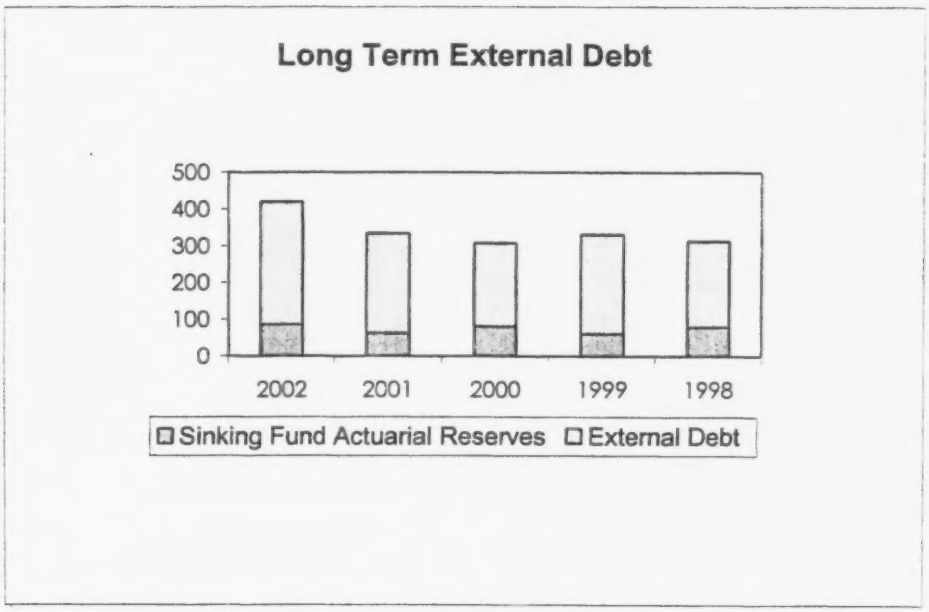
	2002	2001
Analysis of Tax Receipts and Receivables		
Balance, before allowance for tax write-offs, beginning of year	$ 38,334	$ 38,206
Add: Interest and adjustments (net)	1,590	2,635
	39,924	40,841
Less: Receipts	(24,433)	(23,935)
Outstanding - prior years	15,491	16,906
Current tax levy including utility and other charges	816,048	783,771
Less : Receipts	(797,332)	(763,321)
Current arrears	18,716	20,450
Add: Penalties on current arrears	883	978
Outstanding - current year	19,599	21,428
Balance, before allowance for tax write-offs, end of year	$ 35,090	$ 38,334
Analysis of Property Taxes Receivable by Year		
Current year	$ 19,599	$ 21,428
Prior year	9,131	9,991
Prior 2 year	6,360	6,915
	35,090	38,334
Less: allowance for tax write-offs	(3,998)	(2,964)
Balance, after allowance for tax write-offs, end of year	$ 31,092	$ 35,370

REVENUE FUND - OTHER FEES, RATES AND RECOVERIES ($000s)
Years Ended December 31

	2002 Budget	2002	2001
Permits and licences			
Business	$ 9,650	$ 9,909	$ 9,423
Dog	530	500	530
False Alarm Reduction Programme	1,150	1,100	1,151
Other	960	885	720
	12,290	12,394	11,824
Municipal by-law fines	9,652	9,357	9,223
Service and inspection fees			
Development permits	4,404	3,929	4,231
Building permits	4,200	4,598	4,177
Plumbing inspection	3,200	3,241	2,867
Electrical inspection	2,500	2,498	2,326
Other	5,100	5,423	5,474
	19,404	19,689	19,075
On street parking	17,932	18,040	16,279
Sundry fees and services			
Recovery - Greater Vancouver Transit Authority	2,430	2,429	1,589
Provincial school tax administration fee	300	308	301
Utility company access	842	515	1,965
Other	2,729	2,692	2,061
	6,301	5,944	5,916
Departmental revenues			
Parks and recreation - general operations	30,482	31,646	29,494
Britannia Community Services	643	691	560
Libraries	3,914	4,941	6,316
Civic theatres	5,512	5,653	5,180
General government	2,949	7,478	5,142
Fire	6,778	6,109	4,810
Police	12,140	11,861	9,076
Engineering	4,553	4,388	5,849
Community services	7,056	8,823	7,410
	74,027	81,590	73,837
TOTAL	$ 139,606	$147,014	$ 136,154

FIVE YEAR STATISTICAL REVIEW - DEBT AND OTHER
Years Ended December 31

	2002	2001	2000	1999	1998
Long Term Debt ($000s)					
Debenture debt outstanding	546,072	510,898	496,140	527,721	476,410
Less: Internally held debt	(126,846)	(176,965)	(188,882)	(196,487)	(163,128)
Externally held debt	419,226	333,933	307,258	331,234	313,282
Sinking Fund actuarial reserves	87,116	62,680	80,772	60,931	79,727
Net externally held debt	332,110	271,253	226,486	270,303	233,555
Debt per capita ($ externally held)	725.56	584.11	543.34	593.50	567.85



Capital expenditures ($000s)	149,374	110,908	137,024	160,036	141,173
Internally restricted reserves ($000s)	196,655	182,062	160,225	145,061	150,990

CHANGES IN DEBENTURE DEBT OUTSTANDING ($000s)
Year Ended December 31, 2002

	Externally Held	Internally Held	Total
Balance, beginning of year	$ 333,933	$ 176,965	$ 510,898
Add: Debentures issued during 2002			
General and water (Price $100, Rate 5.85%)	100,000	2,475	102,475
	433,933	179,440	613,373
Less: Maturities			
General and water	14,707	50,000	64,707
Local improvements	-	2,594	2,594
	14,707	52,594	67,301
Balance, end of year	$ 419,226	$ 126,846	$ 546,072

SCHEDULE OF DEBT ($000s)
Year Ended December 31, 2002

GENERAL DEBT

Bylaw	Maturity Date & Purpose	Rate	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
7082 * (1)	February 16, 2003	9.000	10		
	Libraries			$ 10,000	$ 9,149
	Parks			3,000	2,745
	Roads, walks, streets and lanes			5,000	4,574
	Sewers			12,000	10,978
	Waterworks			15,000	13,723
				45,000	41,169
7262 (2)	February 16, 2004	6.625 to 6.875	10		
	Communications			171	-
	Libraries			3,554	-
	Parks			1,530	-
	Roads, walks, streets and lanes			2,025	-
	Sewers			3,015	-
	Street lighting			65	-
	Waterworks			3,575	-
	Yards			65	-
				14,000	-
					-
7506 (4)	January 11, 2006	7.500	10		
	Communications			1,200	680
	Emergency operations			4,834	2,741
	Parks			5,090	2,886
	Roads, walks streets and lanes			39,260	22,261
	Sewers			20,267	11,492
	Waterworks			29,349	16,641
				100,000	56,701
7811 (4)	October 31, 2007	5.500 to 5.750	10		
	Communications			1,051	-
	Emergency operations			152	-
	Fire protection			4,983	-
	Infrastructure			1,409	-
	Parks			10,523	-
	Pedestrian/cycling facilities			5,411	-
	Sewers			11,685	-
	Street lighting			1,424	-
	Waterworks			8,455	-
				45,093	-
					-
8042 * (1)	July 12, 2009	5.900	10		
	Parks			5,000	1,283
	Roads, walks streets and lanes			15,000	3,848
	Sewers			20,000	5,131
	Waterworks			20,000	5,131
				60,000	15,393
			Carried Forward	$ 264,093	$ 113,263

SCHEDULE OF DEBT ($000s)
Year Ended December 31, 2002

GENERAL DEBT

Bylaw	Maturity Date & Purpose	Rate	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
			Carried Forward	$264,093	$113,263
8077 (4)	October 7, 2009	6.000	10		
	Roads, walks, streets and lanes			46,533	11,799
	Sewers			11,417	2,895
	Waterworks			22,050	5,591
				80,000	20,285
8269 * (1)	December 14, 2010	6.000	10		
	Roads, walks, streets and lanes			1,038	170
8295 (4)	February 21, 2011	5.850	10		
	Infrastructure			2,238	186
	Parks			13,858	1,149
	Pedestrian/cycling facilities			1,678	139
	Public works/fire facilities			10,600	879
	Roads, walks streets and lanes			2,382	197
	Sewers			17,015	1,411
	Street lighting/communication/undergrounding			857	71
	Street lighting/communications			4,476	371
	Street lighting			2,384	198
	Transit /safety improvements			6,162	510
	Waterworks			18,350	1,520
				80,000	6,631
8460 (5)	April 17, 2012	3.500	10		
	Local area			5,947	-
	Parks			7,000	-
	Pedestrian/cycling facilities			4,000	-
	Public works/fire			7,250	-
	Sewers			30,000	-
	Street lighting			1,103	-
	Street/bridge infrastructure			6,500	-
	Transit /safety improvements			8,200	-
	Waterworks			30,000	-
				100,000	-
Installment Debentures Issued to the Government of Canada or Agency					
4214 (3)	December 15 2005	5.375	40		
	Waterworks			108	-
4221 (3)	February 1 2006	5.250	40		
	Waterworks			4	-
4236 (3)	May 1 2006	5.375			
	Waterworks			22	-
		Total		$525,265	$140,349

Payable in Canadian Funds at: (1) City Treasurer's Office, Vancouver
(2) Bank of Montreal , any branch in Canada
(3) Government of Canada, Ottawa
(4) Canadian Depository for Securities Ltd. Toronto
(5) Royal Bank of Canada (London, Suisse); Barclays Bank PLC; The Industrial Bank of Japan (Luxembourg) S.A.; Internationale Nederlanden Bank (Belgium) S.A.; Bank of Montreal (Vancouver).

* Held Internally

SCHEDULE OF DEBT ($000s)
Year Ended December 31, 2002

LOCAL IMPROVEMENT - Property Owners' Share

Bylaw	Maturity Date	Purpose	Rate	Term (Yr)	Debt Balance
6368	June 22 2003	Lane paving, speed ramps, sidewalks, pavements & curbs	8.75	15	$302
6500	June 21 2004	Lane paving, speed ramps, sidewalks, pavements & curbs	10.50	15	444
6501	June 21 2004	Beautification	10.50	15	42
6680	June 20 2005	Beautification	10.50	15	16
6681	June 20 2005	Lane paving, speed ramps, sidewalks, pavements & curbs	10.50	15	875
6848	June 19 2006	Lane paving, speed ramps, sidewalks, pavements & curbs	10.00	15	1,218
6849	June 19 2006	Beautification	10.00	15	124
6990	June 17 2007	Lane paving, speed ramps, sidewalks, pavements & curbs	9.50	15	1,196
6991	June 17 2007	Beautification	9.50	15	151
7129	June 23 2008	Lane paving, speed ramps, sidewalks, pavements & curbs	9.00	15	1,614
7130	June 23 2003	Street lighting	9.00	10	5
7132	June 23 2003	Beautification	9.00	10	8
7312	June 22 2009	Lane paving, speed ramps, sidewalks, pavements & curbs	7.00	15	1,344
7313	June 22 2009	Beautification	7.00	15	345
7315	June 22 2009	Underground wiring	7.00	15	32
7316	June 22 2004	Street lighting	7.00	10	5
7446	June 21 2010	Lane paving, speed ramps, sidewalks, pavements & curbs	9.50	15	1,288
7447	June 21 2010	Underground wiring	9.50	15	62
7584	June 26 2011	Lane paving, speed ramps, sidewalks, pavements & curbs	7.50	15	1,566
7758	June 25 2012	Lane paving, speed ramps, sidewalks, pavements & curbs	7.00	15	1,742
7759	June 25 2012	Beautification	7.00	15	128
7912	June 24 2013	Beautification	6.00	15	175
7913	June 24 2003	Lane lighting	6.00	5	12
7914	June 24 2008	Street lighting	6.00	10	7
7915	June 24 2013	Trees	6.00	15	1
7915	June 24 2013	Lane paving, speed ramps, sidewalks, pavements & curbs	6.00	15	1,869
8037	June 23 2014	Lane paving, speed ramps, sidewalks, pavements & curbs	6.00	15	1,980
8038	June 23 2014	Lane lighting	6.00	15	20
8204	June 21 2015	Lane paving, speed ramps, sidewalks, pavements & curbs	7.00	15	1,445
8205	June 21 2015	Lane lighting	7.00	15	15
8206	June 21 2010	Street lighting	7.00	10	23
8207	June 21 2015	Beautification	7.00	15	107
8208	June 21 2010	Granville Street beautification	7.00	10	148
8209	June 21 2015	Beautification	7.00	15	24
8501	June 26 2017	Trees	6.00	15	1
8501	June 26 2017	Lane paving, speed ramps, sidewalks, pavements & curbs	6.00	15	1,971
8502	June 26 2007	Lane lighting	6.00	5	49
8503	June 26 2012	Street lighting	6.00	10	10
8504	June 26 2017	Beautification	6.00	15	225
8505	June 26 2007	Traffic circle	6.00	5	11
8506	June 26 2017	Underground wiring	6.00	15	207
					$20,807

Held Internally

DEBT INTEREST RATES ($000s)
Year Ended December 31, 2002

Interest Rate	General (including Waterworks)	Local Improvement	Total
10.500	$ -	$ 1,378	$ 1,378
10.000	-	1,342	1,342
9.500	-	2,697	2,697
9.000	45,000	1,628	46,628
8.750	-	303	303
7.500	100,000	1,566	101,566
7.000	-	5,355	5,355
6.875	7,000	-	7,000
6.750	7,000	-	7,000
6.125	24,848	-	24,848
6.000	92,302	6,538	98,840
5.900	60,000	-	60,000
5.875	10,638	-	10,638
5.850	80,000	-	80,000
5.750	29,583	-	29,583
5.625	8,984	-	8,984
5.500	25,884	-	25,884
5.375	129	-	129
5.250	9,053	-	9,053
4.875	8,618	-	8,618
4.375	8,247	-	8,247
3.500	7,979	-	7,979
	$ 525,265	$ 20,807	$ 546,072

Average rate of interest for 2003 is 7.25%

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT ($000s)
Year Ended December 31, 2002

Total Debt (Internal and External)

	General			Waterworks			Local Improvements Property Owners' Share			Total General & Waterworks and Local Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2003	$ 46,675	$ 23,603	$ 70,278	$ 21,416	$ 9,601	$ 31,017	$	$ 1,593	$ 4,211	$ 70,709	$ 34,797	$ 105,506
2004	17,185	20,001	37,186	6,619	7,910	14,529	2,485	1,368	3,853	26,289	29,279	55,568
2005	12,574	19,207	31,781	5,072	7,602	12,674	2,403	1,155	3,558	20,049	27,964	48,013
2006	83,895	18,526	102,421	34,650	7,328	41,978	2,238	952	3,190	120,783	26,806	147,589
2007	13,981	12,480	26,461	5,589	4,828	10,417	1,996	771	2,767	21,566	18,079	39,645
2008-2012	200,238	30,761	230,999	77,371	11,453	88,824	6,851	1,956	8,807	284,460	44,170	328,630
Thereafter					-		2,216	320	2,536	2,216	320	2,536
	$ 374,548	$ 124,578	$ 499,126	$ 150,717	$ 48,722	$ 199,439	$ 20,807	$ 8,115	$ 28,922	$ 546,072	$ 181,415	$ 727,487

External Debt Only

	General			Waterworks			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2003	$ 16,674	$ 18,481	$ 35,155	$ 6,416	$ 6,856	$ 13,272	$ 23,090	$ 25,337	$ 48,427
2004	17,185	17,579	34,764	6,619	6,730	13,349	23,804	24,309	48,113
2005	12,574	16,785	29,359	5,072	1,824	6,896	17,646	18,609	36,255
2006	83,895	16,103	99,998	34,650	6,148	40,798	118,545	22,251	140,796
2007	13,981	10,058	24,039	5,589	3,648	9,237	19,570	13,706	33,276
2008-2012	159,200	25,854	185,054	57,371	9,251	66,622	216,571	35,105	251,676
Thereafter					-				
	$ 303,509	$ 104,860	$ 408,369	$ 115,717	$ 34,457	$ 150,174	$ 419,226	$ 139,317	$ 558,543

OUTSTANDING BORROWING AUTHORITY ($000s)
Year Ended December 31, 2002

General borrowing is approved by the electors. Sewer and Water borrowing is approved by Council.

Capital Financing Plan	Amount Authorized	Debentures Issued to Dec 31, 2002	Balance
General (excluding Sewer and Water)			
1991 - 1993	$ 80,400	$ 80,400	$ -
1994 - 1996	84,700	84,474	226
1997 - 1999	83,383	83,383	-
2000 - 2002	85,955	76,050	9,905
2003 - 2005	96,790	-	96,790
	$ 431,228	$ 324,307	$ 106,921
Sewer and Water			
1991 - 1993	$ 83,890	$ 83,890	$ -
1994 - 1996	98,970	98,970	-
1997 - 1999	111,117	111,117	-
2000 – 2002*	109,995	95,365	14,630
2003 - 2005	104,750	-	104,750
	$ 508,722	$ 389,342	$ 119,380
Total General, Water and Sewer			
1991 - 1993	$ 164,290	$ 164,290	$ -
1994 - 1996	183,670	183,444	226
1997 - 1999	194,500	194,500	
2000 - 2002	195,950	171,415	24,535
2003 - 2005	201,540	-	201,540
	$ 939,950	$ 713,649	$ 226,301

* Includes $6.55 million of unallocated borrowing authority for Waterworks which will be used to fund projects in the 2003 – 2005 Capital Financing Plan

GENERAL STATISTICS
Year Ended December 31, 2002

Land Area (hectares)	11,396	
Public Schools		
Schools and annexes	109	
Pupils	58,589	
Teachers (F.T.E.)	3,312	
Waterworks		
Annual consumption (cubic metres)	133.3	
Number of services - metered	13,808	
- flat rate	82,709	
Total number of services	96,517	
Kilometres of water main	1,472	
Parks and Recreation Facilities		
Public Parks	199	(1,297.9 hectares)
Beaches	11	
Swimming Pools	15	
Golf Courses	6	
Recreation Facilities	35	
Tennis Courts	183	
Miscellaneous Recreational Facilities	13	

	2002	2001	2000	1999	1998
Value of Building Permits ($000s)	1,300,141	1,119,043	823,322	803,144	848,846
Roads and Sewers (kilometres)					
Permanent street pavements	1,219	1,215	1,213	1,209	1,205
Permanent lane pavements	588	582	574	571	568
Temporary asphaltic surfaces	174	178	173	177	181
Cement concrete sidewalks	2,057	2,055	2,050	2,048	2,046
Gravelled lanes	109	115	123	126	129
Sewers	1,962	1,951	1,942	1,932	1,920
Health Statistics (per 1,000 population)					
Death rate	6.69	7.08	6.72	6.96	7.28
Birth rate	9.85	10.31	10.15	10.04	9.80
Increase in births over deaths	3.16	3.23	3.43	3.08	2.52
Increase (decrease) in death rate	(0.39)	0.36	(0.24)	(0.32)	(0.27)
Increase (decrease) in birth rate	(0.46)	0.16	0.11	0.24	(1.60)
Marriages	6.34	6.68	6.56	6.80	6.64
Per 1,000 live births					
Infant mortality rate	4.39	2.49	4.16	4.88	4.86
Stillbirths	8.26	7.99	9.36	7.33	5.94

CITY OF VANCOUVER

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